

Global markets could push KLCI higher

Market Review

Malaysia: The FBM KLCI (-0.3%) extended its decline alongside with the mostly weaker regional peers as concern over the persistently high interest rate environment bites into sentiment. The lower liners were also downbeat, while the construction sector (-1.5%) underperformed the mostly negative sectorial peers.

Global markets: Wall Street ended on a positive territory and pushing both the S&P500 and Nasdaq into the bull market region as economic data showed a cooling labour market as jobless claims rose to the highest since Oct-2021, speculating that the Fed will remain less hawkish in the upcoming FOMC meeting.

The Day Ahead

The FBM KLCI slipped further into the negative territory for the second straight session. However, as Wall Street charged higher prior to the US Fed interest rate decision next week, investors could be anticipating a less-hawkish tone by the US Fed after a cooling labour market data. Also, we have noticed the Hang Seng Futures have turned more positive, breaking above the SMA200 zone, that positive sentiment could spillover towards stocks on the local front and pushing the FBMKLCI higher in the near term. Commodities wise, the Brent crude oil pulled back towards USD75 on the back of anticipation over higher supply-demand disparity, while the CPO price is trading below RM3,300.

Sector focus: The technology sector may charge higher following the advancement in Wall Street overnight. Meanwhile, we believe KLCI heavyweights should trend higher in tandem with the global market. On the other hand, the commodity-related counters are likely to stay in the consolidation phase in view of down-trending commodity prices.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI sank for the second consecutive session as the key index remained below its EMA200 level. Technical indicators remained negative as the MACD Histogram extended a negative bar, but the RSI is oversold and may be due for a rebound. Investors may monitor next support at 1,370, while resistance is located around 1,400-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,833.61	0.50
S&P 500	4,293.93	0.62
NASDAQ	13,238.52	1.02
FBM KLCI	1,374.64	-0.29
FBM Small Cap	4,851.98	-0.50
FBM ACE	4,971.14	-1.09
Construction	158.95	-1.52
Consumer	549.43	0.03
Energy	778.81	-0.56
Financial Services	15,119.53	0.18
Healthcare	1,811.85	-0.72
Ind Products	157.68	-0.76
Plantation	6,645.00	-0.26
Property	686.17	-0.25
REITs	776.80	-0.02
Technology	59.72	-0.65
Telco & Media	597.06	-0.85
Transport	907.42	0.19
Utilities	972.20	0.49
Trading Vol (m)	2,681.24	(14.18)
Trading Val (RM m)	1,613.02	(6.88)
Advance/Decline		
FKLI	1,372.00	153
FCPO (RM)	3,264.00	(129)
Brent oil (USD)	75.96	(0.04)
Gold (USD)	1,965.46	0.03
USD	4.6210	(0.79)
GBP	5.7571	(0.46)
EURO	4.9577	(0.25)
SGD	3.431	0.05
Trading participant		
Institution	323.8	
Retail	148.6	
Foreign	-418.4	

Source: Bloomberg, Bursa Market Place

Company Brief

Sapura Energy Bhd have secured 10 contract wins worth RM1.40bn across the Asia Pacific and Atlantic regions between December 2022 and May 2023. The contracts were clinched by its wholly owned subsidiaries in the engineering and construction (E&C), drilling, and operations and maintenance (O&M) business segments. The E&C business segment secured RM979.0m in contract wins, drilling RM352.0m, and O&M RM34.0m. More than 70.0% of the combined contract value is from projects outside of Malaysia. (The Star)

DRB Hi-Com Bhd subsidiary, Proton Holdings Bhd's sales in its domestic and export markets rose 40.9% MoM in May 2023 to 13,268 units. Sales for 5M23 stood at 62,970 units (+38.9% YoY). (The Edge)

MSM Malaysia Holdings Bhd is more optimistic about returning to profitability in 2023 by growing its export footprint in China, Bangladesh and Indonesia. However, the group also emphasised the need for more structural changes in how refined and coarse sugar prices are determined. The group has just recently completed its technical turnaround programme at MSM Sugar Refinery (Johor) Sdn Bhd, which is now ready for higher production and more product varieties. (The Edge)

Minority shareholders of **Tropicana Corp Bhd** are advised to vote in favour of the proposed capitalisation involving a share settlement of RM180.0m it owes to founder and group executive vice-chairman Tan Sri Tan Chee Sing in the upcoming extraordinary general meeting. The proposed capitalisation represents an opportunity for the group to expediently settle a large part of the advances amounting to RM180.0m via the issuance of settlement shares, without involving cash outflow from the group. (The Edge)

YTL Corp Bhd has been crowned UK-Malaysia Business of the Year at the fourth iteration of the British Malaysia Chamber of Commerce's (BMCC) Business Excellence Awards. The award recognises the diversified group's stellar track record of investment in the UK by building on its successful local business; bringing mutual economic benefit to both the UK and Malaysia. (The Edge)

Bina Puri Holdings Bhd wholly-owned subsidiary Bina Puri Sdn Bhd had applied for a restraining order due to lacklustre construction activities and the sluggish property market climate brought on by severe disruption of the overall operating environment that rose from the implementation of the Movement Control Order and was granted on 2nd June 2023. The order is necessary for the group to restructure its finances and revive its financial situation. (The Edge)

Former director Brian Ng Shih Chiow of **Revenue Group Bhd**, who is also a co-founder of the cashless payment solution provider, has been charged in the Sessions Court with 12 counts of forgery of invoices and purchase orders amounting to RM13.8m, with the purpose of cheating the company. The forged invoices and purchase orders were for Golden Infor Services, Accucom Solutions PLT, and Omega Dynasty Sdn Bhd. Shih Chiow claimed trial to all charges under Section 468 of the Penal Code, and if convicted, stands to face a maximum jail term of 7 years and shall be liable to a fine. The judge fixed 18th July 2023 for mention. (The Edge)

Sentral REIT's management company, Sentral REIT Management Sdn Bhd has accepted a letter of intent issued by **Malaysian Resources Corp Bhd** (MRCB) to commence negotiations for the proposed acquisition of the 27-storey Menara CelcomDigi in Petaling Jaya. Menara CelcomDigi is currently leased out to Celcom Bhd with a lease term of 15 years, which may be extended automatically for another 2 terms of 3 years each. (The Edge)

The government has renewed **PBA Holdings Bhd**'s water supply licence in Penang for another 3 years. The Minister of Natural Resources, Environment and Climate Change approved PBA's application to renew its wholly-owned subsidiary Perbadanan Bekalan Air Pulau Pinang Sdn Bhd's individual licence (facilities and services) pursuant to the Water Services Industry Act 2006 which will be effective from 1st January 2023 to 31st December 2026, unless renewed in accordance with Section 17 of the WSIA and Regulation 7 of the Water Services Industry (Licensing) Regulations 2007. (The Edge)

Dayang Enterprise Holdings Bhd's (DEHB), wholly-owned subsidiary unit Dayang Enterprise Sdn Bhd (DESB) was awarded a contract for the provision of integrated hook-up and commissioning (iHUC) services from a unit of Petroliam Nasional Bhd (Petronas) – Petronas Research Sdn Bhd. The contract is effective for 1 year from 22nd February 2023, with an option to extend for another year. (The Edge)

Sunway Bhd and UOB Malaysia Bhd have signed a Memorandum of Understanding to achieve their shared mission to achieve net zero carbon emission by 2050 by leveraging on each other's strengths and expertise to integrate sustainable financing solutions, infrastructure and technologies into various business divisions across Sunway's ecosystems. The collaboration will include joint capacity-building programmes and workshops to facilitate and to scale sustainability initiatives for tenants, lessees and suppliers by providing sustainability financing solutions to jumpstart investments into more sustainable infrastructure, as well as to address Scope 3 emissions. (The Edge)

Victoria Capital Sdn Bhd has ceased to be a substantial shareholder of **Borneo Oil Bhd** after disposing of 473.2m shares or a 4.4% stake in the group. After the sale, Lei Shing Hong remains the largest shareholder with an 11.6% stake, followed by MT 23 Resources with 4.8%.

Separately, Borneo Oil Bhd has announced that chairman Tan Kok Chor has been redesignated as non executive director effective immediately. The group also announced that Michael Moo Kai Wah has left his position as independent and non executive director due to his retirement. No announcement has been made regarding Tan's successor as chairman. (The Edge)

Ge-Shen Corp Bhd's newly appointed executive director Keh Chuan Seng was redesignated as the group's executive chairman on 8th June 2023. Keh, 51, was appointed as the plastic injection moulding and metal stamping group's executive director on 6th June 2023, together with Lee Hai Peng, 56. The group also announced that the resignations of its independent and non-executive chairman Chew Hoy Ping, 65, and independent and non-executive director Ooi Hooi Kiang, 54, due to personal reasons. It also appointed Ho Ai Hoon, 39, as its new independent and non-executive director, replacing Ooi. (The Edge)

Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	OPTIMAX	17-May	0.735	0.770	0.795	0.845	0.710	0.705	0.725	-1.4%	On-going
2	CARIMIN	31-May	0.660	0.740	0.765	0.820	0.635	0.630	0.665	0.8%	On-going
3	SFPTECH	6-Jun	2.520	2.630	2.750	2.940	2.350	2.340	2.540	0.8%	On-going
4	BAUTO	7-Jun	2.220	2.280	2.380	2.500	2.100	2.090	2.280	2.7%	Take profit at R1 on 8-Jun

2Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	DANCO	4-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.405	-12.0%	On-going
2	EFRAME	4-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.890	-4.8%	On-going
3	HEXTAR	4-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.160	-4.1%	On-going
4	INFOM	4-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.620	5.9%	On-going
5	KPJ	4-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.150	2.7%	On-going
6	LAYHONG	4-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.295	-4.8%	On-going
7	PANTECH	4-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.735	-9.3%	On-going
8	PENTA	4-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.710	-4.5%	On-going
9	RANHILL	4-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.540	10.2%	On-going
10	T7GLOBAL	4-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.410	-1.2%	On-going
11	TIMECOM	4-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.190	4.4%	On-going
12	UNISEM	4-Apr	3.200	3.180	3.300	2.970	2.760	2.700	2.970	-7.2%	On-going
Average Return										-2.1%	

Technical Focus Tracker Summary	
Total recommendations	333
Total winners	205
Total losers	128
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	3.1%
Accuracy (2023)	60.5%
FBM KLCI (Since 30/12/2022)	-8.1%
FBM Small Cap (Since 30/12/2022)	-0.5%
Malaysia GDP Growth (1Q23)	5.6%

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